

Message Text

CONFIDENTIAL

PAGE 01 STATE 049626
ORIGIN EUR-12

INFO OCT-01 ISO-00 XMB-02 EB-08 /023 R

DRAFTED BY EUR/EE:SFROMOWITZ

APPROVED BY EUR/EE:NANDREWS

EXIM:RALBRIGHT (PHONE)

EB/ODF:TPARKER (INFO)

-----043882 251943Z /45

O 251932Z FEB 78 ZFF4

FM SECSTATE WASHDC

TO AMEMBASSY BELGRADE NIACT IMMEDIATE

C O N F I D E N T I A L STATE 049626

E.O. 11652: GDS

TAGS: EFIN, YO

SUBJECT: EXIMBANK OPERATING PROCEDURES

REF: BELGRADE 1520

1. FOLLOWING INFORMATION ON EXIM GUARANTEES ISSUE MAY
BE OF INTEREST TO AMBASSADOR ON EVE HIS DEPARTURE
FOR WASHINGTON.

2. DEPARTMENT AND EXIM WELCOME INDICATION BY UNDER
SECRETARY LONCAR THAT INTRANSIGENT "PRELIMINARY"
RESPONSE FROM FINANCE MINISTRY MAY BE MODIFIED.
FINANCE MINISTRY REACTION TO MEMORANDUM SEEMED
TO BE BASED, EITHER FOR TACTICAL REASONS OR DUE
TO REAL MISUNDERSTANDINGS, ON THE MOST NEGATIVE
POSSIBLE INTERPRETATION OF MEMORANDUM'S WORDING.
THERE WAS NO ATTEMPT TO FIND AREAS FOR FURTHER
CLARIFICATION OR DISCUSSION.

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 049626

3. DEPARTMENT AND EXIM BELIEVE THAT BALL SHOULD
BE LEFT IN YUGOSLAV COURT--WHERE AMBASSADOR HAS
FIRMLY PLACED IT--BUT THAT WE SHOULD BE PREPARED,
BOTH HERE AND IN BELGRADE, TO RESPOND TO YUGOSLAV

INITIATIVES OR QUERIES WHICH SUGGEST THAT THEY ARE
WILLING TO TAKE A SECOND LOOK AT THE MEMORANDUM AND

THE PRINCIPLES ON WHICH IT IS BASED. WHILE WE DO NOT WISH TO GIVE GOY ANY INDICATION THAT WE CAN COMPROMISE ON THOSE BASIC PRINCIPLES--THE NEED FOR JOINT BANK GUARANTEES, A GOVERNMENTAL FOREIGN EXCHANGE ASSURANCE, AND A GOVERNMENTAL GUARANTEE FOR CERTAIN MAJOR PROJECTS--THERE IS FURTHER FLEXIBILITY IN WORDING AND FORMAT WHICH EXIM IS PREPARED TO DISCUSS. SHOULD EMBASSY BE APPROACHED FOR CLARIFICATION ON ANY POINTS IN MEMORANDUM, YOU SHOULD STRESS, AS AMBASSADOR DID WITH LONCAR, THAT EXIM HAS ALREADY GONE TO GREAT LENGTHS TO ACCOMMODATE YUGOSLAV POLITICAL AND CONSTITUTIONAL REQUIREMENTS AND THAT GOY WILL HAVE TO TAKE INTO ACCOUNT EXIM'S STATUTORY REQUIREMENTS REFLECTED IN THE MEMORANDUM.

4. YUGOSLAV EMBASSY HAS ALSO GIVEN SIGNALS THAT GOY DOES NOT WISH TO CLOSE DOOR TO NEGOTIATIONS ON BASIS OF MEMORANDUM, BUT IT IS DIFFICULT TO JUDGE WHETHER THIS TRULY REPRESENTS OFFICIAL CONCERN OR ONLY AMBASSADOR'S PERSONAL INVOLVEMENT IN PROPOSING AND SHAPING MEMORANDUM. DURING MEETING WITH SECRETARY ON FEBRUARY 23 (REPORTED SEPTEL), BELOVSKI REFERRED TO EXIM ISSUE AS ONE WHICH TITO MIGHT RAISE WITH PRESIDENT. HOWEVER, HE SAID, GIVEN THE NECESSARY WILL AND MORE FLEXIBILITY FROM EXIMBANK, DIFFERENCES COULD BE STRAIGHTENED
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 STATE 049626

OUT IN "ONE OR TWO DAYS' DISCUSSIONS." ON FEBRUARY 24, ACTING YUGOSLAV ECONOMIC COUNSELOR KULISIC CALLED EXIM'S ALBRIGHT TO OFFER SEVERAL "PERSONAL" SUGGESTIONS FROM BELOVSKI. (SOME OF THESE SUGGESTIONS WERE BASED ON HIS DISCUSSIONS THIS PAST WEEK WITH YUGOSLAV BANKING OFFICIALS CURRENTLY IN WASHINGTON.) WITH REGARD TO PARAGRAPH THREE, KULISIC NOTED THAT REFERENCE TO DOLLARS ONE MILLION CAUSED PROBLEMS IN BELGRADE, AND HE WONDERED IF THE SPECIFIC DOLLAR LIMIT COULD BE ELIMINATED. ALSO, THE WORDING ON THE "JOINT AND SEVERAL GUARANTEE" SHOULD BE MODIFIED SO AS TO LEAVE OPEN THE POSSIBILITY OF A GUARANTEE BY ONE BANK IN SOME CASES, HE SAID. ON PARAGRAPH FOUR, KULISIC SUGGESTED INCLUDING A REFERENCE TO THE "INTER-BANK MEETINGS" THROUGH WHICH FOREIGN EXCHANGE AVAILABILITY IS ASSURED (AS PROVIDED FOR IN LAW ON BANKING SYSTEM) AND DROPPING THE LAST SENTANCE (WHICH IS THE SPECIFIC NATIONAL BANK ASSURANCE TO EXIM). FINALLY, ON PARAGRAPH 5, KULISIC SAID THAT BELOVSKI BELIEVED

PRESENT WORDING SHOULD BE ACCEPTABLE TO BELGRADE AND

THAT THERE MUST BE MISUNDERSTANDING ON FINANCE
MINISTRY'S PART AS TO WHAT EXIM INTENDED.

5. ABOVE COMMENTS BY YUGOSLAV EMBASSY MAY HAVE
LITTLE BEARING ON ACTUAL GOY POSITION, BUT WE
ARE PROVIDING THEM FOR EMBASSY'S INFORMATION
IN THE EVENT THAT BELOVSKI'S VIEWS ON THIS ISSUE
HAVE WEIGHT WITH FOREIGN MINISTRY OFFICIALS
SEEKING TO BREAK THE DEADLOCK. EXIM CONTINUING
TO STUDY WORDING OF MEMORANDUM TO SEE WHERE CHANGES
CAN BE MADE WHICH WOULD MAKE IT MORE PALATABLE
BUT RETAIN SUBSTANCE. ON PARAGRAPH 4, FOR INSTANCE,
INCLUSION OF MORE LANGUAGE FROM THE LAW ON BANKS
WOULD BE NO PROBLEM. THE SPECIFIC NATIONAL BANK
CONFIDENTIAL

CONFIDENTIAL

PAGE 04 STATE 049626

ASSURANCE, HOWEVER, COULD NOT BE DROPPED.

6. IF YUGOSLAVS EXPRESS INTEREST IN SENDING
TEAM TO WASHINGTON FOR DIRECT DISCUSSIONS WITH
EXIM ON MEMORANDUM, EMBASSY SHOULD ENCOURAGE.
(WE ALSO BELIEVE THAT INCLUSION OF BANKERS IN
TEAM WOULD BE USEFUL.)

7. EXIM LOOKS FORWARD TO DISCUSSING GUARANTEE ISSUE
WITH AMBASSADOR ON TUESDAY.

VANCE

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AGREEMENTS, BANKS, LOANS
Control Number: n/a
Copy: SINGLE
Draft Date: 25 feb 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978STATE049626
Document Source: CORE
Document Unique ID: 00
Drafter: SFROMOWITZ
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780088-0452
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780212/aaaaajrz.tel
Line Count: 148
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 67e521cf-c288-dd11-92da-001cc4696bcc
Office: ORIGIN EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 78 BELGRADE 1520
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 09 jun 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3472442
Secure: OPEN
Status: NATIVE
Subject: EXIMBANK OPERATING PROCEDURES
TAGS: EFIN, YO, US, XMB
To: BELGRADE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/67e521cf-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014